

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 ICA-20 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 AGRE-00 /103 W
-----111495 081032Z /12

R 080820Z JUN 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3983
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK

UNCLAS SECTION 1 OF 2 STOCKHOLM 2244

USEEC

USOECD

E.O. 11652: N/A
TAGS: ECRP, EFIN, ELAB, ETRD, OECD, SW
SUBJ: ECONOMIC INDICATORS ON SMALLER OECD COUNTRIES: SWEDEN

REF: (A) STOCKHOLM 1927, (B) STOCKHOLM 1802, (C) STOCKHOLM 2243

1. FOLLOWING ARE ECONOMIC INDICATORS ON SWEDEN AVAILABLE JUNE 2.

2. PRODUCTION:

THE REVISED NATIONAL BUDGET (RNB), PREPARED IN APRIL 1978 BY
THE MINISTRY OF ECONOMICS AND THE NATIONAL ECONOMIC RESEARCH
INSTITUTE, GIVES THE FOLLOWING NATIONAL INCOME ACCOUNTS TABLE
BY GDP COMPONENTS, SHOWING FORECASTS UP TO 1980.

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ANNUAL PERCENTAGE CHANGE

1977 1978 1979 1980

PRIVATE CONSUMPTION	10.9	-1.0	1.5	1.5
PUBLIC CONSUMPTION	2.7	2.5	2.2	2.2

GROSS INVESTMENT	-3.4	-0.9	3.4	3.7
INVENTORY ACCUMULATION (1)	-3.1	-1.6	1.0	1.3
EXPORTS OF GOODS	0.2	5.6	5.8	7.9
MINUS:				
IMPORTS OF GOODS	-4.7	-3.5	4.1	5.5
GDP	-2.5	0.8	3.7	4.3

(1) AS A PERCENTAGE OF FOREGOING YEAR'S GDP

MAR 77 FEB 78 MAR 78

INDUSTRIAL PRODUCTION INDEX 132 126 126
(1968 BASE)

3. DEMAND:

DISPOSABLE INCOME - NO NEW FIGURES
RETAIL SALES - NO NEW FIGURES. PRESS REPORTS Q1 78 OVER
Q1 77 RECORDED A FIVE PERCENT DECLINE IN VOLUME.

TRANSPORTATION INDEX	MAY 77	APR 78	MAY 78
(1970 BASE)	111	105	107

HOUSING CONSTRUCTION STARTS
MAR 77 FEB 78 MAR 78

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MULTIFAMILY UNITS	800	1,100	1,400
SINGLE-FAMILY UNITS	2,900	1,600	2,100

4. PRICE INDICES:

APR 77 MAR 78 APR 78

CONSUMER PRICES (1949 BASE)	414	462	465
FOOD PRICES (1949 BASE)	529	598	599
PRODUCER PRICES (1968 BASE)	206	219	220
EXPORT PRICES (1968 BASE)	209	220	222
IMPORT PRICES (1968 BASE)	230	250	251

5. FINANCIAL:

APR 77 MAR 78 APR 78

MONEY SUPPLY (M3) 197.1 221.9 221.7
(BILLION KRONOR)

NOTE THAT THE MARCH 1978 FIGURE HAS BEEN REVISED SLIGHTLY,
AS ALSO THE FIGURE FOR FEBRUARY 1978, WHICH SHOULD NOW READ 213.4.
LONG-TERM INTEREST RATE, APR 77 MAY 77 APR 78 MAY 78

INDUSTRIAL BONDS AT
MID-MONTH (PERCENTAGE) 9.82 9.87 10.06 10.12

CENTRAL BANK DISCOUNT RATE - STILL SEVEN PERCENT.

6. CENTRAL GOVERNMENT (ALL FIGURES IN MILLIONS OF KRONOR):

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MAY 77 MAY 78

FEDERAL BUDGET OUTCOME 5,886 2,948
(DEFICIT -)

END APR 77 3,\$ -04 78

NATIONAL DEBT 85,886 107,213
OF WHICH:
EXTERNAL PUBLIC DEBT 1,559 10,620

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7. LABOR MARKET:

	APR 77	MAR 78	APR 78
TOTAL EMPLOYMENT	4,056	4,062	4,086
(THOUSANDS)			
UNEMPLOYMENT	66,000	96,000	89,000
LABOR COSTS			
	FEB 77	FEB 78	
(1967 BASE)	339.0	379.6	

THIS INDEX IS COMPILED QUARTERLY. THE FIGURES GIVEN HERE DO NOT
 INCLUDE WAGE INCREASES FOR THE RESPECTIVE CALENDER YEARS.

BALANCE OF PAYMENTS (MILLIONS OF KRONOR, CURRENT PRICES).
 THE REVISED NATIONAL BUDGET (APRIL 1978) GIVES THE FOLLOWING
 FORECASTS:

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	CY 1978	CY 1979	CY 1980
EXPORTS OF GOODS	96,910	107,100	122,500
IMPORTS OF GOODS	95,990	105,000	116,300
TRADE BALANCE	920	2,100	6,100
NET SERVICES	-5,075	-5,400	-5,800
NET TRANSFERS	-8,425	-9,500	-11,300
CURRENT ACCOUNT BALANCE	-12,155	-12,800	-10,900

	PERCENTAGE		
	APR 77	APR 78	CHANGE
TOTAL EXPORTS (FOB)	6,710	8,500	27
TOTAL IMPORTS (CIF)	7,110	7,300	3
TRADE BALANCE	-400	1,200	

	PERCENTAGE		
	JAN-APR 77	JAN-APR 78	CHANGE
TOTAL EXPORTS (FOB)	27,070	31,300	16
TOTAL IMPORTS (CIF)	29,610	29,000	-2
TRADE BALANCE	-2,550	2,300	

PERCENTAGE

JAN-FEB 77 JAN-FEB 78 CHANGE

EXPORTS TO US	615	947	54
IMPORTS FROM US	1,054	1,148	9

SOURCE: CENTRAL BUREAU OF STATISTICS.

END APR 77 END MAR 78 END APR 78

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OFFICIAL FOREIGN

EXCHANGE RESERVES	12,652	17,777	19,168
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THE AVERAGE EXCHANGE RATE OF THE DOLLAR AGAINST THE SWEDISH KRONA IN MAY 1978 WAS ONE US DOLLAR EQUALS SKR 4.648.

ALTHOUGH EXPORT PERFORMANCE AND APPARENT SLACKING OF THE RATE OF INFLATION ARE ENGENDERING CAUTIOUS OPTIMISM IN SWEDEN, DOMESTIC DEMAND REMAINS VERY WEAK. AS AN EXAMPLE, SALES OF NEW CARS IN SWEDEN OVER THE FIRST FOUR MONTHS OF THE YEAR WERE 31 PERCENT FEWER THAN SALES IN THE SAME PERIOD OF 1977. RETAIL TRADE IN THE FIRST QUARTER WAS DOWN 5 PERCENT IN VOLUME ON THE SAME PERIOD OF 1977, AND INDUSTRIAL PRODUCTION WAS DOWN 4 PERCENT. AT THE SAME TIME, WE SEE EVIDENCE THAT EXPORT PERFORMANCE IS NOT ONLY A SHORT-TERM DEVELOPMENT. GOODS LOADED IN SWEDISH PORTS FOR SHIPMENT ABROAD DURING THE FIRST QUARTER WERE 5.7 MILLION TONS, A 22 PERCENT INCREASE OVER JANUARY-MARCH 1977. ON THE WHOLE, WE BELIEVE THE CURRENT UPTURN WILL CONTINUE THROUGH THE SUMMER MONTHS AND WILL SET THE STAGE FOR A MORE SIZABLE RECOVERY IN THE FALL. SEE REFS B AND C FOR MORE DETAIL.

KENNEDY-MINOTT

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